

Senate Bill No. 24

CHAPTER 7

An act to amend Section 17706 of the Family Code, to amend Sections 1570.2, 1570.7, 1572, 1576, and 1585 of, and to repeal Sections 1572.5, 1572.7, 1572.9, 1573, and 1573.5, of, the Health and Safety Code, and to amend Sections 9115, 11462.06, and 14124.93 of, to add Chapter 13 (commencing with Section 4850) to Division 4.5 of, and to repeal Chapter 4.5 (commencing with Section 19350) of Part 2 of Division 10 of, the Welfare and Institutions Code, relating to health and human services, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor May 5, 2003. Filed with
Secretary of State May 5, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

SB 24, Committee on Budget and Fiscal Review. Health and human services.

(1) Existing law requires the Department of Child Support Services to pay to each county a child support incentive payment to encourage child support enforcement efforts. Existing law requires the department to pay an additional incentive, from specified county collections, to the counties with the 10 best performance standards in certain child support-related activities. Existing law suspends the operation of the provision requiring payment of this additional incentive for the 2002–03 fiscal year.

This bill would further suspend the operation of the provision requiring payment of the additional incentive for the 2003–04, 2004–05, and 2005–06 fiscal years.

(2) The California Adult Day Health Care Act permits the establishment of an adult day health care planning council by the board of supervisors of any county. Existing law requires an adult day health care planning council to adopt an adult day health care plan and provides for the submission of applications for licensure as an adult day health care center to planning councils for review and recommendations.

This bill would repeal these provisions. The bill would make conforming changes.

(3) Existing law specifies various duties of the Director of the California Department of Aging and the Director of Health Services with respect to adult day health care planning councils and the review and update of state guidelines and county adult day health plans.

This bill would delete these provisions.

(4) Existing law requires that the governing board of an adult day health care center be comprised, with certain exceptions, of 4 or more persons, at least one-half of whom are recipients of the services of the center, relatives of the recipients, or representatives of community organizations with particular interest in programs for the elderly.

This bill would delete these provisions.

(5) Existing law establishes the Senior Housing Information and Support Center in the California Department of Aging, and requires the center to perform various functions such as disseminating information to seniors regarding resources and services and promoting education and training for professionals who work directly with seniors.

This bill would provide that these provisions would be implemented only to the extent that funds for these purposes are appropriated by the Legislature in the annual Budget Act or other statute.

(6) Existing law establishes the Habilitation Services Program under the administration of the Department of Rehabilitation.

This bill would transfer the administration of this program to the State Department of Developmental Services on July 1, 2004.

(7) Existing law, for purposes of administration of the AFDC-FC program, including the setting of group home rates, requires the State Department of Social Services to deem the reasonable costs of leases for shelter care for foster children to be allowable costs, and establishes a formula to determine the fair market value of owned, leased, or rented buildings.

Existing law provides that the allowable costs of affiliated leases shall be subject to review by the Charitable Trust Section of the Department of Justice, and shall be permitted to the extent allowed by federal law for federal financial participation. Existing law also requires, effective July 1, 1998, an approval letter from the Charitable Trust Section of the Department of Justice for approval of shelter costs that result from self-dealing transactions, as defined.

This bill would delete the provisions regarding allowable costs of affiliated leases and the requirement of an approval letter from the Department of Justice for approval of shelter costs that result from self-dealing transactions. It would also prohibit, commencing July 1, 2003, any group home provider with an affiliated lease from being eligible for an AFDC-FC rate, except under specified circumstances.

(8) Existing law requires the Department of Child Support Services to provide payments to local child support agencies of \$50 per case for obtaining 3rd-party health coverage or insurance of Medi-Cal beneficiaries, to the extent that funds are appropriated in the annual Budget Act.

This bill would suspend this requirement for the 2003–04, 2004–05, and 2005–06 fiscal years.

(9) This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 17706 of the Family Code is amended to read:

17706. (a) It is the intent of the Legislature to encourage counties to elevate the visibility and significance of the child support enforcement program in the county. To advance this goal, effective July 1, 2000, the counties with the 10 best performance standards pursuant to clause (ii) of subparagraph (B) of paragraph (2) of subdivision (b) of Section 17704 shall receive an additional 5 percent of the state’s share of those counties’ collections that are used to reduce or repay aid that is paid pursuant to Article 6 (commencing with Section 11450) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code. The counties shall use the increased recoupment for child support-related activities that may not be eligible for federal child support funding under Part D of Title IV of the Social Security Act, including, but not limited to, providing services to parents to help them better support their children financially, medically, and emotionally.

(b) The operation of subdivision (a) shall be suspended for the 2002–03, 2003–04, 2004–05, and 2005–06 fiscal years.

SEC. 2. Section 1570.2 of the Health and Safety Code is amended to read:

1570.2. The Legislature hereby finds and declares that there exists a pattern of overutilization of long-term institutional care for elderly persons, and that there is an urgent need to establish and to continue a community-based system of quality adult day health care which will enable elderly persons to maintain maximum independence. While recognizing that there continues to be a substantial need for facilities providing custodial care, overreliance on this type of care has proven to be a costly panacea in both financial and human terms, often traumatic, and destructive of continuing family relationships and the capacity for independent living.

It is, therefore, the intent of the Legislature in enacting this chapter and related provisions to provide for the development of policies and programs that will accomplish the following:

(a) Assure that elderly persons are not institutionalized inappropriately or prematurely.

(b) Provide a viable alternative to institutionalization for those elderly persons who are capable of living at home with the aid of appropriate health care or rehabilitative and social services.

(c) Establish adult day health centers in the community for this purpose, that will be easily accessible to all participants, including the economically disadvantaged elderly person, and that will provide outpatient health, rehabilitative, and social services necessary to permit the participants to maintain personal independence and lead meaningful lives.

(d) Include the services of adult day health centers as a benefit under the Medi-Cal Act, that shall be an initial and integral part in the development of an overall plan for a coordinated, comprehensive continuum of optional long-term care services based upon appropriate need.

(e) Establish a rural alternative adult day health care program designed to meet the special needs and requirements of rural areas to enable the implementation of subdivisions (a) through (d), inclusive, for all Californians in need of those services.

(f) Ensure that all laws, regulations, and procedures governing adult day health care be enforced equitably regardless of organizational sponsorship and that all program flexibility provisions be administered equitably.

SEC. 3. Section 1570.7 of the Health and Safety Code is amended to read:

1570.7. As used in this chapter:

(a) “Adult day health care” means an organized day program of therapeutic, social, and health activities and services provided pursuant to this chapter to elderly persons with functional impairments, either physical or mental, for the purpose of restoring or maintaining optimal capacity for self-care. Provided on a short-term basis, adult day health care serves as a transition from a health facility or home health program to personal independence. Provided on a long-term basis, it serves as an option to institutionalization in long-term health care facilities, when 24-hour skilled nursing care is not medically necessary or viewed as desirable by the recipient or his or her family.

(b) “Adult day health center” or “adult day health care center” means a licensed and certified facility that provides adult day health care.

(c) “Elderly” or “older person” means a person 55 years of age or older, but also includes other adults who are chronically ill or impaired and who would benefit from adult day health care.

(d) “Individual plan of care” means a plan designed to provide recipients of adult day health care with appropriate treatment in accordance with the assessed needs of each individual.

(e) “License” means a basic permit to operate an adult day health care center. With respect to a health facility licensed pursuant to Chapter 2 (commencing with Section 1250), “license” means a special permit, as defined by Section 1251.5, empowering the health facility to provide adult day health care services.

(f) “Maintenance program” means procedures and exercises that are provided to a participant, pursuant to Section 1580, in order to generally maintain existing function. These procedures and exercises are planned by a licensed or certified therapist and are provided by a person who has been trained by a licensed or certified therapist and who is directly supervised by a nurse or by a licensed or certified therapist.

(g) “Restorative therapy” means physical, occupational, and speech therapy, and psychiatric and psychological services, that are planned and provided by a licensed or certified therapist. The therapy and services may also be provided by an assistant or aide under the appropriate supervision of a licensed therapist, as determined by the licensed therapist. The therapy and services are provided to restore function, when there is an expectation that the condition will improve significantly in a reasonable period of time, as determined by the multidisciplinary assessment team.

(h) “Committee” means the Long-Term Care Committee established pursuant to Section 1572.

(i) “Department” or “state department” means the State Department of Health Services.

SEC. 4. Section 1572 of the Health and Safety Code is amended to read:

1572. (a) The functions and duties of the State Department of Health Services provided for under this chapter shall be performed by the California Department of Aging commencing on the date those functions are transferred from the State Department of Health Services to the California Department of Aging. The authority, functions, and responsibility for the administration of the adult day health care program by the California Department of Aging and the State Department of Health Services shall be defined in an interagency agreement between the two departments that specifies how the departments will work together.

(b) The interagency agreement shall specify that the California Department of Aging is designated by the state department as the agency responsible for community long-term care programs. At a minimum, the interagency agreement shall clarify each department’s responsibilities on issues involving licensure and certification of adult day health care providers, payment of adult day health care claims, prior authorization of services, promulgation of regulations, and development of adult day

health care Medi-Cal rates. In addition, this agreement shall specify that the California Department of Aging is responsible for making recommendations to the State Department of Health Services regarding licensure as specified in subdivision (g). The interagency agreement shall specify that the State Department of Health Services shall delegate to the California Department of Aging the responsibility of performing the financial reviews and the resolution of audit appeals which are necessary to ensure program integrity. The agreement shall specify that the financial reviews shall be performed only to the extent that resources are budgeted for this purpose. This agreement shall also include provisions whereby the State Department of Health Services and the California Department of Aging shall collaborate in the development and implementation of health programs and services for older persons and functionally impaired adults.

(c) As used in this chapter, “director” means the Director of Health Services.

(d) (1) A Long-Term Care Committee is hereby established in the California Department of Aging. The committee shall include, but not be limited to, a member of the California Commission on Aging, who shall be a member of the Long-Term Care Committee of the commission, a representative of the California Association for Adult Day Services, a representative of the California Association of Area Agencies on Aging, a representative of the California Conference of Local Health Officers, a member of a local adult day health care planning council, nonprofit representatives and professionals with expertise in Alzheimer’s disease or a disease of a related disorder, a member of the California Coalition of Independent Living Centers, and representatives from other appropriate state departments, including the State Department of Health Services, the State Department of Social Services, the State Department of Mental Health, the State Department of Developmental Services and the State Department of Rehabilitation, as deemed appropriate by the Director of the California Department of Aging. At least one member shall be a person over 60 years of age.

(2) The committee shall function as an advisory body to the California Department of Aging and advise the Director of the California Department of Aging regarding development of community-based long-term care programs. This function shall also include advice to the Director of the California Department of Aging for recommendations to the department on licensure, Medi-Cal reimbursement, and utilization control issues.

(3) The committee shall be responsible for the reviewing of new programs under the jurisdiction of the California Department of Aging.



(4) The committee shall assist the Director of the California Department of Aging in the development of procedures and guidelines for new contracts or grants, as well as review and make recommendations on applicants. The committee shall take into consideration the desirability of coordinating and utilizing existing resources, avoidance of duplication of services and inefficient operations, and locational preferences with respect to accessibility and availability to the economically disadvantaged older person.

(e) The Director of the California Department of Aging shall make recommendations regarding licensure to the Licensing and Certification Division in the State Department of Health Services. The recommendation shall be based on all of the following criteria:

(1) An evaluation of the ability of the applicant to provide adult day health care in accordance with the requirements of this chapter and regulations adopted hereunder.

(2) Other criteria that the director deems necessary to protect public health and safety.

SEC. 5. Section 1572.5 of the Health and Safety Code is repealed.

SEC. 6. Section 1572.7 of the Health and Safety Code is repealed.

SEC. 7. Section 1572.9 of the Health and Safety Code is repealed.

SEC. 8. Section 1573 of the Health and Safety Code is repealed.

SEC. 9. Section 1573.5 of the Health and Safety Code is repealed.

SEC. 10. Section 1576 of the Health and Safety Code is amended to read:

1576. The director shall approve an application for a new license if no substantial basis for denial of the license exists under Section 1575.7, and the applicant has met all the requirements for licensure set forth in this chapter and regulations adopted hereunder. Otherwise the director shall deny issuance of the license.

SEC. 11. Section 1585 of the Health and Safety Code is amended to read:

1585. No member of the governing board of an adult day health center, nor any member of the immediate family of that board member, may have any direct or indirect interest in any contract for supplying services to the adult day health center.

SEC. 12. Chapter 13 (commencing with Section 4850) is added to Division 4.5 of the Welfare and Institutions Code, to read:

CHAPTER 13. HABILITATION SERVICES FOR THE DEVELOPMENTALLY DISABLED

4850. Commencing July 1, 2004, the State Department of Developmental Services shall succeed to all functions and

responsibilities of the Department of Rehabilitation with respect to the administration of the Habilitation Services Program established pursuant to former Chapter 4.5 (commencing with Section 19350) of Part 2 of Division 10.

4850.1. (a) Except as otherwise specifically provided, this chapter shall only apply to those services purchased by the Habilitation Services Program.

(b) Nothing in this section shall be construed to abridge the rights stated in Section 4502.

4851. As used in this chapter, the following definitions apply:

(a) “Habilitation services” means those community-based services purchased or provided for adults with developmental disabilities including work activity and supported employment, to prepare and maintain them at their highest level of vocational functioning, or to prepare them for referral to vocational rehabilitation services.

(b) “Individual program plan” means the overall plan developed by a regional center pursuant to Section 4646.

(c) “Individual habilitation component” means that portion of the individual program plan developed for each eligible individual for whom services are purchased under this chapter.

(d) “Department” means the State Department of Developmental Services.

(e) “Work-activity program” includes, but is not limited to, sheltered workshops or work-activity centers, or community-based work activity programs accredited under departmental regulations.

(f) “Work-activity program day” means the period of time during which a work-activity program provides services to consumers.

(g) “Full day of service” means, for purposes of billing, a day in which the consumer attends a minimum of the declared and approved work-activity program day, less 30 minutes, excluding the lunch period.

(h) “Half day of service” means, for purposes of billing, (1) all days of attendance in which the consumer’s attendance does not meet the criteria for billing for a full day of service as defined in subdivision (g), and (2) the consumer attends the work activity program not less than two hours, excluding the lunch period.

(i) “Supported employment program” means a program that meets the requirements of Sections 4861 and 4862.

(j) “Consumer” means any adult who receives services purchased under this chapter.

(k) “Accreditation” means a determination of compliance with the set of standards appropriate to the delivery of services by a work-activity program or supported employment program, developed by the

Commission on Accreditation of Rehabilitation Facilities, and applied by the commission or the department.

(l) “Direct service professional” means a staff member within a work activity program who deals directly with the consumer, including activities such as supervision, training, counseling, and teaching.

4852. An individual shall be eligible for habilitation services under this chapter when all of the following exist:

(a) The individual is an adult who has been diagnosed as having a developmental disability.

(b) The disability is so severe that the individual does not presently have potential for competitive employment.

(c) The individual’s disability is too severe for the individual to benefit from vocational rehabilitation services and it is determined that the individual may be mutually served by the vocational rehabilitation program and it is also determined that the individual needs extended supported employment services following successful rehabilitation by the department’s vocational rehabilitation program.

(d) The individual is determined to be in need of habilitation services in an individual program plan developed by a regional center pursuant to Section 4646.

4853. The work-activity program or supported employment program in which the consumer is placed shall evaluate the performance of the consumer in all of the following areas:

(a) Appropriate behavior to safely conduct himself or herself in a work setting.

(b) Adequate attention span to reach a productivity level in paid work.

(c) Ability to understand simple instructions within a reasonable length of time.

(d) Ability to communicate basic needs and understand basic receptive language.

(e) Attendance level.

4854. In developing the individual habilitation component, the individual program plan team shall develop specific and measurable objectives in order to determine whether the consumer demonstrates ability to reach or maintain individual habilitation component goals in at least all of the following areas:

(a) Participation in paid work for a specified period of time.

(b) Obtaining or sustaining a productivity rate.

(c) Obtaining or sustaining a specified attendance level.

(d) Demonstration of appropriate behavior for a work setting.

4855. The regional center shall monitor, evaluate, and audit habilitation services providers for program effectiveness, taking into consideration criteria, including, but not limited to, all of the following:

- (a) Service quality.
- (b) Protections for individuals receiving services.
- (c) Compliance with applicable standards of the Commission on Accreditation of Rehabilitation Facilities.

4856. Regional centers may purchase habilitation services only from providers who are accredited community nonprofit agencies that provide work-activity services or supported employment services, or both, and that have been vendored as described in Section 4648 and regulations adopted pursuant thereto, except that each habilitation services provider who, on July 1, 2004, is providing services to consumers and is not being sanctioned, shall be deemed to be an approved vendor, as described in Section 4648 and regulations promulgated pursuant thereto.

4857. Each work-activity program facility shall annually review its consumers in order to determine whether these individuals should be referred for vocational rehabilitation services, including supported employment.

4858. Notwithstanding any other provision of law, the hourly rate for supported employment services established pursuant to paragraph (2) of subdivision (b) of Section 4861 shall be reduced by the percentage necessary to ensure that projected total General Fund expenditures and reimbursements for habilitation services, including services pursuant to clauses (i) to (iii), inclusive, of subparagraph (B) of paragraph (2) of subdivision (b) of Section 4861, and, for the habilitation services program only, ancillary services, based on Budget Act caseload projections, do not exceed the General Fund and reimbursement appropriations for these services in the annual Budget Act, exclusive of increases in job coach hours due to unanticipated increases in caseload or the average client workday. This reduction shall not be implemented sooner than 30 days after notification in writing of the necessity for the reduction to the appropriate fiscal committees and policy committees of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not earlier than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.

4859. (a) The department may adopt regulations to establish rates for work-activity program services subject to the approval of the Department of Finance. The regulations shall provide for an equitable ratesetting procedure in which each specific allowable service, activity, and provider administrative cost comprising an overall habilitation service, as determined by the department, reflects the reasonable cost of service. Reasonable costs shall be determined biennially by the department, subject to audit at the discretion of the department.

(b) It is the intent of the Legislature that the department establish rates for both habilitation services and vocational rehabilitation work-activity programs pursuant to subdivision (a). Nothing in this subdivision shall preclude the subsequent amendment or adoption of regulations pursuant to subdivision (a).

4860. Notwithstanding Section 4856, the regional center may purchase services from new work-activity programs or program components, even though the program or program component is not yet accredited by the Commission on Accreditation of Rehabilitation Facilities if the program or program component commits, in writing, to obtain accreditation by the Commission on Accreditation of Rehabilitation Facilities within three years of the onset of purchase of services by the regional center.

4861. (a) The definitions contained in this subdivision shall govern the construction of this section, with respect to services provided through the regional center, and unless the context requires otherwise, the following terms shall have the following meanings:

(1) “Supported employment” means paid work that is integrated in the community for individuals with developmental disabilities whose vocational disability is so severe that they would be unable to achieve this employment without specialized services and would not be able to retain this employment without an appropriate level of ongoing postemployment support services.

(2) “Integrated work” means the engagement of an employee with a disability in work in a setting typically found in the community in which individuals interact with nondisabled individuals other than those who are providing services to those individuals, to the same extent that nondisabled individuals in comparable positions interact with other persons.

(3) “Supported employment placement” means the employment of an individual with a developmental disability by an employer in the community, directly or through contract with a supported employment program, and the provision of supported employment services including the provision of ongoing postemployment services necessary for the individual to retain employment. Services for those individuals receiving individualized services from a supported employment program shall decrease as the individual adjusts to his or her employment and the employer assumes many of those functions.

(4) “Allowable supported employment services” means the services approved in the individual program plan and provided, to the extent allowed by the regional center for the purpose of achieving supported employment as an outcome for individuals with developmental disabilities, which may include any of the following:

(A) Program staff time spent conducting job analysis of supported employment opportunities for a specific consumer.

(B) Program staff time spent in the direct supervision or training of a consumer or consumers while they engage in integrated work unless other arrangements for consumer supervision, such as employer supervision reimbursed by the supported employment program, are approved by the regional center.

(C) Training occurring in the community, in adaptive functional and social skills necessary to ensure job adjustment and retention such as social skills, money management, and independent travel.

(D) Counseling with a consumer's significant others to ensure support of a consumer in job adjustment.

(E) Advocacy or intervention on behalf of a consumer to resolve problems affecting the consumer's work adjustment or retention.

(F) Job development to the extent authorized by the regional center.

(G) Ongoing postemployment support services needed to ensure the consumer's retention of the job.

(5) "Group services" means job coach-supported employment services in a group supported employment placement at a job coach-to-consumer ratio of not less than one-to-four nor more than one-to-eight where a minimum of four consumers are department-funded.

(6) "Individualized services" means job coach and other supported employment services for department-funded consumers in a supported employment placement at a job coach-to-consumer ratio of one-to-one.

(b) (1) The department shall set rates for supported employment services provided in accordance with this section. The department shall apply rates in accordance with this section to those work-activity programs or program components of work-activity programs approved by the regional center to provide supported employment and to new programs or components approved by the regional center to provide supported employment services.

(2) (A) The hourly rate for supported employment services provided to consumers receiving individualized services shall be twenty-eight dollars and thirty-three cents (\$28.33).

(B) The hourly rate for group services shall be twenty-eight dollars and thirty-three cents (\$28.33), regardless of the number of consumers served in the group. Consumers in a group shall be scheduled to start and end work at the same time, unless an exception is approved in advance by the regional center. The department shall adopt regulations to define the appropriate grounds for granting these exceptions. Except as provided in paragraph (5) of subdivision (a), where the number of consumers in a group supported employment placement drops to fewer

than four supported employment consumers, department funding for the group services in that group shall be terminated unless the program provider, within 90 days from the date of this occurrence does one of the following:

- (i) Add one or more supported employment consumers to the group.
- (ii) Move the remaining consumers to another existing group.
- (iii) Move the remaining consumers, if appropriate, to individualized placement.

- (iv) Terminate services.

(C) For consumers receiving group services the department may set a higher hourly rate for supported employment services, based upon the additional cost to provide ancillary services, when there is a documented and demonstrated need for a higher rate because of the nature and severity of the disabilities of the consumer, as determined by the department.

(D) In addition, fees shall be authorized for the following:

(i) A two hundred dollar (\$200) fee shall be paid upon intake of a consumer into an agency's supported employment program, unless that individual has completed a supported employment intake process with that same agency within the past 12 months, in which case no fee shall be paid.

(ii) A four hundred dollar (\$400) fee shall be paid upon placement of a consumer in an integrated job, unless that consumer is placed with another consumer or consumers assigned to the same job coach during the same hours of employment, in which case no fee shall be paid.

(iii) A four hundred dollar (\$400) fee shall be paid after a 90-day retention of a consumer in a job, unless that consumer has been placed with another consumer or consumers, assigned to the same job coach during the same hours of employment, in which case no fee shall be paid.

(3) For consumers receiving individualized services, services may be provided on or off the jobsite.

(4) For consumers receiving group services, ancillary services may be provided, except that all postemployment and ancillary services shall be provided at the worksite.

(c) If, on July 1, 2004, a consumer is on a Department of Rehabilitation waiting list for vocational rehabilitation as a result of the Department of Rehabilitation's order of selection regulations, the regional center may pay for those supported employment services leading to job development set forth in subparagraph (D) of paragraph (2) of subdivision (b).

(d) The regional center shall approve, in advance, any change in the number of consumers served in a group.

4861.1. (a) Proposals for funding of new, and modifications to existing, supported employment programs and components by the Habilitation Services Program shall be submitted to the Habilitation Services Program and shall contain sufficient information to enable the Habilitation Services Program to act on the proposal under this section.

(b) If sufficient funding is available to finance services by supported employment programs and components, the Habilitation Services Program may approve or disapprove proposals based on all of the following criteria:

(1) The need for a supported employment program or component.

(2) The capacity of the program to deliver supported employment services effectively.

(3) The ability of the program to comply with accreditation requirements of the Habilitation Services Program. The accreditation standards adopted by the department shall be the standards developed by the Commission on Rehabilitation Facilities and published in the most current edition of the Standards Manual for Organizations Serving People with Disabilities, as well as any subsequent amendments to the manual.

(4) A profile of an average consumer in the program or component, showing the planned progress toward self-reliance as an employee, measured, as appropriate, in terms of decreasing support services.

(5) The ability of the program to achieve integrated paid work on the average for consumers served.

(c) For purposes of evaluating the effectiveness of the entire program, and individual supported employment programs or components, the Habilitation Services Program may monitor supported employment programs or components to determine whether the performance agreed upon in the approved proposal is being achieved. When the performance of a supported employment program or component does not comply with the criteria according to which it was approved for funding pursuant to subdivision (b), the Habilitation Services Program may establish prospective performance criteria for the program or component, with which the program or component shall comply as a condition of continued funding.

4862. The regional centers may purchase supported employment services at the rates authorized in Section 4861 from supported employment programs or components approved prior to July 1, 2004.

4863. (a) The length of a work-activity program day shall not be less than five hours, in addition to the lunch period.

(b) (1) Except as provided in paragraph (1), the length of a work-activity program day shall not be reduced from the length of the



work-activity program day in the historical period that was the basis for the approved habilitation services rate.

(2) (A) A work-activity program may, by prior written approval of the department upon the recommendation of the regional center, change the length of a work-activity program day.

(B) If the department approves a reduction in the work-activity program day pursuant to subparagraph (A), the department may change the habilitation services rate.

(c) (1) A work-activity program may change the length of a work-activity program day on an individual basis in order to meet the needs of the consumer, if the department, upon the recommendation of the regional center, approves the reason or reasons for the change.

(2) The work-activity program shall document the reasons for any change in a work-activity program day on an individual basis.

4864. (a) In accordance with regulations adopted by the department, hourly billing shall be permitted, provided that it is cost-neutral and does not increase the department's costs when used in lieu of full-day or half-day billing, if agreed upon by the work-activity program and the department. A work-activity program shall be required to submit a request for the hourly billing option to the department not less than 60 days prior to the program's implementation of this billing option.

(b) If a work-activity program and the department elect to utilize hourly billing, the hourly billing process shall be required to be used for a minimum of one year.

(c) When the hourly billing process is being used, the definitions contained in subdivisions (f) and (g) of Section 4851 shall not apply.

4865. (a) The department may allow for payment to work-activity programs based on their average daily consumer attendance during days in which there has been a state of emergency declared in the program's local city or county.

(b) The department may implement this section through the adoption of emergency regulations.

4866. At the request of the department, or the regional center, the work-activity programs shall release accreditation and state licensing reports and consumer incident reports required by law or regulations in instances of suspected abuse.

SEC. 13. Section 9115 of the Welfare and Institutions Code is amended to read:

9115. There is in the California Department of Aging the Senior Housing Information and Support Center, which shall have the following functions:

(a) The center shall serve as a clearinghouse for information for seniors and their families regarding available innovative resources and senior services.

(b) (1) The center shall provide information or contract with another entity to provide information concerning housing options and home modification alternatives, to enable seniors to live independently or with their families as often as possible.

(2) The center shall distribute this information to each area agency on aging and to other appropriate entities throughout the state.

(c) The center shall promote education and training for professionals who work directly with seniors in order to maximize opportunities for independent living.

(d) This section shall be implemented only to the extent that funds for these purposes are appropriated by the Legislature in the annual Budget Act or other statute.

SEC. 14. Section 11462.06 of the Welfare and Institutions Code is amended to read:

11462.06. (a) For purposes of the administration of this article, including the setting of group home rates, the department shall deem the reasonable costs of leases for shelter care for foster children to be allowable costs. Reimbursement of shelter costs shall not exceed 12 percent of the fair market value of owned, leased, or rented buildings, including any structures, improvements, edifices, land, grounds, and other similar property that is owned, leased, or rented by the group home and that is used for group home programs and activities, exclusive of idle capacity and capacity used for nongroup home programs and activities. Shelter costs shall be considered reasonable in relation to the fair market value limit as described in subdivision (b).

(b) For purposes of this section, fair market value of leased property shall be determined by either of the following methods, as chosen by the provider:

(1) The market value shown on the last tax bill for the cost reporting period.

(2) The market value determined by an independent appraisal. The appraisal shall be performed by a qualified, professional appraiser who, at a minimum, meets standards for appraisers as specified in Chapter 6.5 (commencing with Section 3500) of Title 10 of the California Code of Regulations. The appraisal shall not be deemed independent if performed under a less-than-arms-length agreement, or if performed by a person or persons employed by, or under contract with, the group home for purposes other than performing appraisals, or by a person having a material interest in any group home which receives foster care payments. If the department believes an appraisal does not meet these standards, the

department shall give its reasons in writing to the provider and provide an opportunity for appeal.

(c) (1) The department may adopt emergency regulations in order to implement this section, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) The adoption of emergency regulations pursuant to this section shall be deemed to be an emergency and considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, or general welfare.

(3) Emergency regulations adopted pursuant to this section shall be exempt from the review and approval of the Office of Administrative Law.

(4) The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations.

(d) (1) Commencing July 1, 2003, any group home provider with an affiliated lease shall not be eligible for an AFDC-FC rate.

(2) Notwithstanding paragraph (1), providers that received an approval letter for a self-dealing lease transaction for shelter costs during the 2002–03 fiscal year from the Charitable Trust Section of the Department of Justice shall be eligible to continue to receive an AFDC-FC rate until the date that the lease expires, or is modified, extended, or terminated, whichever occurs first. These providers shall be ineligible to receive an AFDC-FC rate after that date if they have entered into any self-dealing lease transactions for group home shelter costs.

SEC. 15. Section 14124.93 of the Welfare and Institutions Code is amended to read:

14124.93. (a) The Department of Child Support Services shall provide payments to the local child support agency of fifty dollars (\$50) per case for obtaining third-party health coverage or insurance of beneficiaries, to the extent that funds are appropriated in the annual Budget Act.

(b) A county shall be eligible for a payment if the county obtains third-party health coverage or insurance for applicants or recipients of Title IV-D services not previously covered, or for whom coverage has lapsed, and the county provides all required information on a form approved by both the Department of Child Support Services and the State Department of Health Services.

(c) Payments to the local child support agency under this section shall be suspended for the 2003–04, 2004–05, and 2005–06 fiscal years.

SEC. 16. Chapter 4.5 (commencing with Section 19350) of Part 2 of Division 10 of the Welfare and Institutions Code is repealed.

SEC. 17. Sections 12 and 16 of this act shall become operative on July 1, 2004.

SEC. 18. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to address the State Budget crisis at the earliest possible time, it is necessary that this act take effect immediately.

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